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DON vs. Commercial LOE Comparison

DRAFT

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DON LOE % Compared Commercially

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Purpose:

To compare DON Level of Effort percentage (11%) to that of commercial companies across multiple industries.

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Assumptions

DON LOE refers to the indirect costs (overhead) of running the Navy in FY 2004.

The money allocated to DON Level of Effort equates to Selling, General, and Administrative expenditures for commercial companies.

Commercial companies LOE was measured as a percent of sales.

All financial figures are from the latest published annual reports available and numbers are expressed in billions unless otherwise indicated.

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DON PPBS FY 2005 Data

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Per DON PBCG Brief dtd 18 December 2002:

	$B	%
Performance Models	**64.8**	**55**
Future Mission Capabilities	**39.8**	**34**
Level of Effort	**12.6**	**11**
Total FY 2004 Budget	**$117.2**	

11% LOE = Support dollars for DON operations.

Manufacturing

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Boeing

Sales	**58.2**	
General, Admin, R&D	**4.3**	
LOE = 7%		

General Electric

Sales	**129.9**	
Other Costs and Expenses		**30.9**
LOE = 24%		

Ford

Sales	**162.4**	
Selling, General, and Admin		**15.7**
LOE = 10%		

Manufacturing Industry LOE as a percent of sales is **14%**

Retail

Wal-Mart

Sales 217.8

Operating, Selling, General, Admin 36.2

LOE = 16%

Best Buy

Revenues 19.6

Selling, General, Admin 3.5

LOE = 18%

Home Depot

Sales 53.6

Selling, Store Operating, General, Admin 11.2

LOE = 21%

Retail Industry LOE as a percent of sales is **18%**

Information Technology

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Intel		
Sales	**26.5**	
Marketing, General, Admin, R&D		**8.2**
LOE = 31%		
Cisco		
Sales	**18.9**	
R&D, Sales, Marketing, General, and Admin		**8.2**
LOE = 43%		
IBM		
Revenues from Sales and Services		**88.4**
Selling, General, Admin, R&D	**20.9**	
LOE = 24%		

IT Industry LOE as a percent of sales is **33%**

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